Government of Saskatchewan

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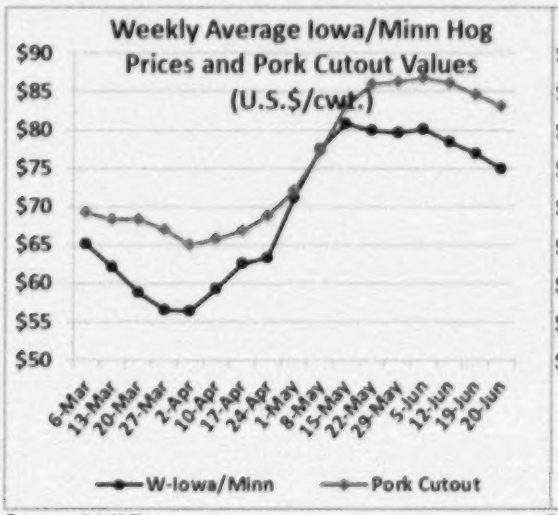
Weekly Hog Report

June 29, 2015

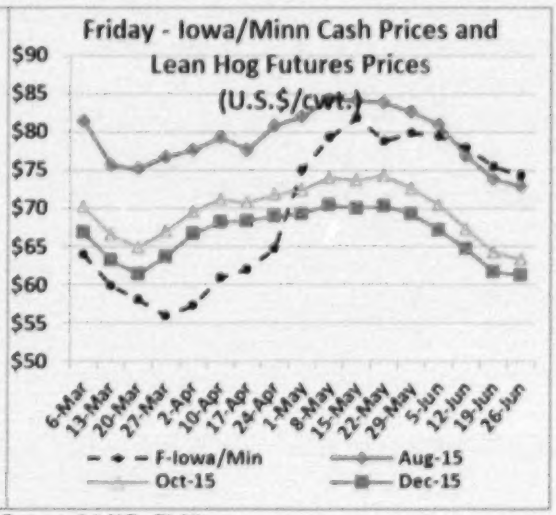
The Weekly Hog Report will take a summer break for July!
The regular Weekly Hog Report will resume on August 4, 2015.

Cash Slaughter Weight Hog Prices

United States daily average cash hog prices (Iowa/Minn) continued lower last week. Hog prices on Friday averaged US$74.16 per cwt, down US$1.34 per cwt from US$75.50 per cwt the previous Friday. The negotiated base price for the week averaged US$74.90 per cwt, down US$2.09 per cwt or 2.7 per cent from US$76.99 per cwt the previous week.



Source: LMIC



Source: LMIC, CME

In Canada, the Signature#3 (Maple Leaf) Index 100 daily price for Friday June 26, 2015 was $166.07 per ckg, down $4.79 per ckg or 2.8 per cent from $170.86 per ckg the previous Friday. Signature#3 weekly prices (Friday to Thursday) averaged $169.61 per ckg, down $4.41 per ckg or 2.5 per cent from the previous weeks' average price of $174.02 per ckg. The Canadian dollar edged lower last week to close Friday at 81.20 cents; down 0.33 cents from the previous Friday's close of 81.53 cents.

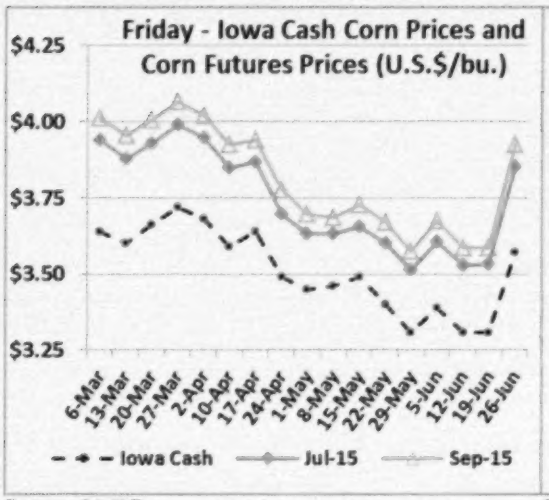
Futures Markets

Lean hog futures daily prices were mixed last week and but ended the week lower, week-over-week. The nearby July 2015 contract declined US$0.300 per cwt to settle Friday at US$75.450 per cwt, while the August contract declined US$1.00 per cwt to settle Friday at US$72.825 per cwt. The fourth quarter lean hog future contracts continue to be well over US$10 per cwt lower than nearby future contracts. The October contract declined

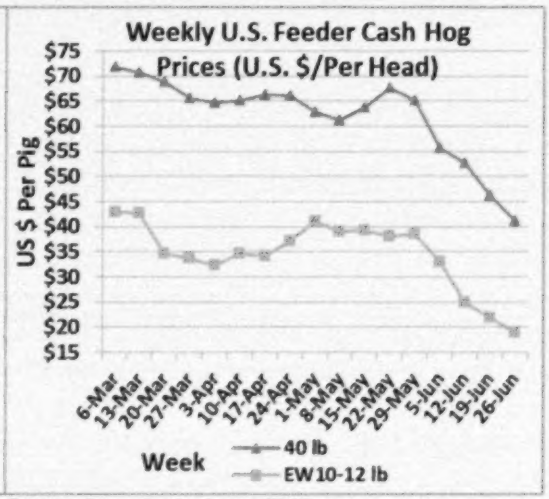
US$0.95 per cwt to settle Friday at US$63.325 per cwt, while the December contract declined US$0.425 per cwt to settle Friday at US$61.225 per cwt. Market expectations of higher fall slaughter numbers continued to pressure future prices lower, particularly fourth quarter prices.

Cash Feeder Hog Prices

North American (Iowa) iso-wean (10-12lb) cash hog prices and feeder (40lb) cash hog prices continued to decline on weaker fourth quarter lean hog futures prices. Weighted average cash prices for iso-weans (12lb) last week were US$18.91 per head, down US$2.98 per head from US$21.89 per head the previous week. Feeders (40lb) were US$41.12 per head, down $5.05 per head from US$46.17 per head the previous week.



Source: LMIC



Source: Iowa Agriculture, CME

Iowa cash corn prices were 26 cents per bushel higher last week to settle Friday at US$3.57 per bushel. U.S. daily corn futures prices were significantly higher last week on weather related concerns in the U.S. (high precipitation). The July corn futures contract increased almost 32 cents to settle Friday at US$3.85 per bushel, while the September corn futures contract increased almost 34 cents per bushel to settle Friday at US$3.92½ per bushel.

Hogs Slaughtered

U.S. hogs slaughtered under federal inspection for the week ending June 27 were estimated at 2.143 million head, up slightly from 2.140 million head the previous week, and up 12.2 per cent from 1.909 million head the same week a year ago. U.S. hogs slaughtered over the last four weeks averaged 2.131 million head per week, up 11.6 per cent from 1.909 million head the same four week period a year ago.

In Canada, federal and provincial hog slaughter numbers for the week ending June 20, 2015 were estimated at 398,072 head, down slightly from 398,255 head the previous week, but up 5.6 per cent from 376,830 head the same week a year ago. Canadian hogs slaughtered over the last four weeks ending June 20, 2015, were estimated to average 396,916 head, up 3.9 per cent from 382,134 head over the same period a year ago. Year-over-year, Canadian hogs slaughtered are up 2.7 per cent, at 10.006 million head.

In Western Canada, hogs slaughtered over the last four weeks ending June 20, 2015 averaged 163,871 head, up 4.5 per cent from 156,749 head over the same four weeks a year ago. Western Canadian hogs slaughtered year-to-date totaled 4.138 million head, up about 3.4 per cent from 4.002 million head the same period a year ago.

Meat Production

U.S. pork production for the week ending June 27, 2015 was estimated at 457.3 million lb., up 0.4 per cent from 455.6 million lb. the previous week, and up 12.2 per cent from 407.5 million lb. the same week a year ago. Pork production over the last four weeks ending June 27 was estimated to average 454.1 million lb., up 10.9 per cent from 409.5 million lb. over the same four week period a year ago.

U.S. beef production for the week ending June 27, totaled 449.9 million lb., up 1.2 per cent from 444.4 million lb. the previous week, but down 8.4 per cent from 490.9 million lb. the same week a year ago.

Combined production of U.S. beef, pork, chicken and turkey over the four weeks ending June 20, 2015, was estimated to average 1.933 billion lb., up 2.6 per cent from 1.884 billion lb. over the same four weeks a year ago. Total U.S. meat production year-to-date for 2015 is estimated to be up 3.8 per cent compared to the same period in 2014.

United States Weekly Meat Production

(June 20) Four Week Average - Million Lb.			Percent Change	
	2014	2015	4 Week	YTD 2015
Pork	401.8	439.5	9.4%	7.0%
Beef	471.3	439.3	-6.8%	-4.4%
Chicken	879.7	939.8	6.8%	7.0%
Turkey	131.2	114.9	-12.4%	0.3%
Total	**1,883.9**	**1,933.5**	**2.63%**	**3.79%**

Source: LMIC

Cutout Values

U.S. pork cutout values for the week ending June 27, 2015 averaged US$83.10 per cwt, down US$1.45 per cwt or 1.7 per cent from US$84.55 per cwt the previous week, and down 37.0 per cent from US$131.95 per cwt from a year ago.

Average beef cutout values (Choice 600-900 lb.) for the week ending June 27 averaged US$254.31 per cwt, up US$4.44 per cwt from US$249.87 per cwt from the previous week, and up 4.1 per cent from US$244.39 per cwt the same week a year ago.

Average chicken cutout values (Northeast breast) for the week ending June 27 averaged US$143.15 per cwt, up US$0.26 per cwt from US$142.89 per cwt from the previous week, but down 29.0 per cent from US$201.59 per cwt the same week a year ago.

USDA Hogs and Pigs Report

USDA released the June *Hogs and Pigs Report* on June 26, 2015. Total U.S. hog inventory numbers as of June 1, 2015, was estimated at 66.900 million head, up 8.7 per cent from 61.568 million head on June 1, 2014, and up 0.4 per cent from 66.634 million head as of March 1, 2015. (Source: USDA) Total inventory increases were higher than the average 8.1 per cent increase estimated by the trade analysts.

Breeding herd inventory numbers in the United States as of June 1, 2015, was estimated at 5.926 million head, up 1.2 per cent from 5.855 million head on June 1, 2014, but down 0.9 per cent from 5.982 million head on March 1, 2015. Trade analysts had estimated for a 2.1 per cent annual increase in the breeding herd, year-over-year.

United States Hog Inventory Numbers, (1,000 head)

	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Mar.-June	Y/Y(June)
All Hogs & Pigs	64,775	61,494	61,568	65,979	67,726	66,634	66,900	**0.40%**	**8.66%**
Kept for breeding	5,757	5,851	5,855	5,920	5,939	5,982	5,926	**-0.94%**	**1.21%**
Market	59,018	55,643	55,713	60,059	61,788	60,653	60,975	**0.53%**	**9.44%**
Market Hogs									
Under 50 lbs	18,389	17,336	18,254	20,390	19,801	18,959	19,455	**2.62%**	**6.58%**
50-119 lbs	16,080	15,487	15,801	17,458	17,366	16,949	17,181	**1.37%**	**8.73%**
120-179 lbs	12,576	12,538	11,491	12,112	12,980	13,530	12,810	**-5.32%**	**11.48%**
180 lbs & Over	11,972	10,281	10,166	10,098	11,641	11,215	11,529	**2.80%**	**13.41%**

Source: June 26, 2015 USDA Hogs & Pigs Report

Market herd inventory numbers in the United States as of June 1, 2015, was estimated at 60.975 million head, up 9.4 per cent from 55.713 million head on June 1, 2015, and up 0.5 per cent from 60.653 million head from March 1, 2015. Trade analysts were estimating market inventory numbers to increase by 8.9 per cent, year-over-year. The increase in market inventory numbers was about 0.5 per cent more than the current average trade analyst estimates. The largest increase came in the over 180 lb. weight category which increased 13.4 per cent from June 2015, over three per cent higher than average trade estimates. The December 2014 and March 2015 market inventory numbers were revised higher from the March 2015 USDA estimates with total December market inventory numbers up 2.6 per cent and March market inventory numbers up 1.2 per cent.

Sow farrowing numbers for the March-to-May 2015 period totaled 2.850 million head, a 1.4 per cent increase from 2.810 million head the same quarter a year ago, but down from earlier estimates. The U.S. sow farrowing intentions for the June-to-August 2015 period were estimated at 2.915 million head, down 2.5 per cent from 2.991 million head the same quarter a year ago. Farrowing intentions for the September-to-November 2015 period were estimated at 2.865 million head, a decline of 4.3 per cent from 2.994 million head the same quarter a year ago. Trade estimates were estimating higher farrowing increases of 2.1 per cent for the March-to-May 2015 quarter, and a farrowing decline of 0.5 per cent for the June-to-August 2015 quarter. Trade estimates were estimating sow farrowing numbers to increase 0.6 per cent for the September-to-November quarter while USDA's farrowing intentions project a 4.3 per cent decline for the quarter.

United States, Sows Farrowing and Intentions, Pigs Born

Quarterly Sows Farrowing and Intentions				Quarterly Pigs Born		
	Thousand Head			Thousand Head		
Quarter	2013	2014	2015	2013	2014	2015
Dec - Feb (1)	2,788	2,763	2,831	28,099	26,326	28,966
Mar - May	2,806	2,810	2,850	28,921	27,495	29,563
June - Aug	2,890	2,991	2,915 (2)	29,862	30,402	
Sept - Nov	2,780	2,994	2,865 (2)	28,253	30,633	
TOTAL	11,264	11,558	11,461	115,135	114,856	

(1) December preceeding year.
(2) Farrowing Intentions.
Source: USDA Hogs and Pigs Report, June 26, 2015

The United States pig crop for the March-to-May 2015 period totaled 29.563 million head, up 7.5 per cent from 27.495 million head over the same period in 2014. The increase was slightly below the expected average trade estimates of a 7.8 per cent increase.

Sow productivity for the March-to-May 2015 period increased to 10.37 pigs per litter from 9.78 pigs per litter (+6 per cent) from the same quarter in 2014. The increases were primarily from reduced losses related to the PED virus, compared to 2014.

The USDA's June *Hogs and Pigs Inventory Report* came in mixed with smaller increases in sow inventory and lower projected farrowing numbers; but higher market herd inventory numbers then projected, from a year ago. Farrowing intentions for the next two quarters were lower than the average trade estimates. USDA's June-to-August 2015 farrowing intentions were negative 2.5 per cent, while the average trade estimates were estimating for only a 0.5 per cent decline. Inventory numbers have increased and productivity improved as PED issues in the U.S. appear reduced. The USDA report will likely be viewed as slightly negative in the short term with higher market inventory numbers, particularly the heavier weights. In the longer-term the report will be positive for early 2016 into spring as farrowing intentions were lower than expected for the September-to-November 2015 period.

In his March *Quarterly Hogs and Pigs Report Analysis*, Ron Plain of the University of Missouri forecasted that U.S. commercial hog slaughter numbers would total 114.710 million head in 2015, up 7.3 per cent from 2014, and up over one million head from his March 2015 forecast. U.S. hog slaughter would peak at 29.877 million head in the fourth quarter, up 4.4 per cent from the fourth quarter of 2014. Prices are forecasted to further decline in the fourth quarter with the Iowa/Minn base carcass to average between US$59 and US$63 per cwt. (Source: Ron Plain)

Meat In U.S. Cold Storage

USDA released the latest U.S. cold storage numbers on June 22. The United States' pork stocks in cold storage totaled 653.6 million lb. on May 31, 2015, down 6.8 per cent from 701.1 million lb. on April 30, 2015, but up 13.5 per cent from 575.8 million lb. on May 31, 2014. The biggest changes year-over-year were the large increase in hams in cold storage.

The United States' beef stocks in cold storage totaled 468.6 million lb. on May 31, 2015, down 3.2 per cent from 484.3 million lb. on April 30, 2015, but up 24.1 per cent from 377.6 million lb. on May 31, 2014.

U.S. combined pork, beef, chicken and turkey stocks in cold storage totaled 2.299 billion lb. on May 31, 2015, down 2.0 per cent from 2.345 billion lb. on April 30, 2015, but up 15.6 per cent from 1.988 billion lb. on May 31, 2014.

United States Stocks in Cold Storage (Frozen)

	1,000 Pounds		
Commodity	**May 31, 2014**	**April 30, 2015**	**May 31, 2015**
Pork	575,818	701,083	653,636
Beef	377,643	484,294	468,560
Chicken	612,065	765,631	738,309
Turkey	422,502	394,415	438,502
Total Combined	**1,988,028**	**2,345,423**	**2,299,007**

Source: NASS

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